

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7790

BILL NUMBER: HB 2103

DATE PREPARED: Jan 20, 2001

BILL AMENDED:

SUBJECT: Temporary Assistance to Needy Families (TANF).

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: X

**GENERAL
DEDICATED
X FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires the Division of Family and Children to establish a two year pilot program in Marion, Boone, Hamilton, Hancock, Shelby, Johnson, Morgan, Hendricks, Jay, and Randolph counties to provide direct financial subsidies to eligible employed TANF recipients for the purpose of securing or maintaining housing or purchasing an automobile.

The bill specifies that a housing subsidy must be equal to at least 95% of the amount the individual would receive in housing assistance through the United States Department of Housing and Urban Development (HUD). The bill also limits the amount of assistance for purchasing an automobile to \$2,000.

The bill also requires the Division of Family and Children to provide an evaluation of the effectiveness of the pilot program to the Legislative Council not later than January 1, 2003.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill requires the Division of Family and Children (DFC) to establish a 10-county pilot project to provide housing and automobile subsidies to recipients in the TANF program. No appropriation is provided in the bill. The state is permitted in TANF pilot projects to limit participation, as well as subsidy levels, by available appropriations. Consequently, the fiscal impact of the pilot project is subject to legislative and administrative actions.

Background: The bill specifies the 10 counties to be included in the pilot project. The bill also specifies that the housing subsidy provided to recipients must be no less than 95% of the amount of assistance the individual would receive from HUD. (e.g., The HUD fair market rate for a two-bedroom apartment in Indianapolis is \$453 per month.) The bill also provides that the automobile subsidy must be no more than \$2,000. The project is to last two years.

States are required to meet a specified maintenance of effort (MOE) level in order to qualify for the federal TANF block grant of about \$206 M annually. Indiana's annual TANF MOE obligation is \$121 M. The Family and Social

Services Administration (FSSA) meets this obligation by expending state funds appropriated for this purpose and by claiming expenditures from other state agencies that meet the purposes and requirements of eligible TANF MOE expenditures. The additional expenditures of this pilot project would qualify as MOE.

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding the federal TANF block grant.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Susan Preble, Legislative Liaison for the Family and Social Services Administration, (317) 232-1149.